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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 EB-08 TRSE-00 OMB-01
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /067 W
----------251934Z 107367 /46
P R 251645Z MAR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 3596
INFO AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
USDOCOSOUTH
SHAPEUSNR

C O N F I D E N T I A L SECTION 1 OF 2 ROME 4992

SHAPEUSNR FOR POLAD, USDOCOSOUTH FOR INTAF

E.O. 11652: GDS
TAGS: PINT, IT
SUBJECT: BILATERAL MEETINGS LESSEN POLITICAL TENSIONS AND INDICATE BASIS FOR DEBATE

REF: ROME 4695

1. SUMMARY. THE ROUND OF BILATERAL CONSULTATIONS PROMOTED BY THE SOCIALIST PARTY (PSI) OPENED AMID LESSENED POLITICAL TENSIONS. ALL PARTIES WERE OPPOSED TO A "CRISIS IN THE DARK." CHRISTIAN DEMOCRATIC PARTY (DC) PRESIDENT ALDO MORO MADE THE MOST SIGNIFICANT CONTRIBUTION TO THE SUBSTANCE OF THE BILATERAL MEETINGS BY REFUSING TO CONSIDER ANY CHANGE IN THE CURRENT POLITICAL FORMULA WHILE LEAVING THE DOOR OPEN FOR "PROGRAMMATIC CONVERGENCES," A CONCEPT ON WHICH HE DID NOT ELABORATE. THE ITALIAN COMMUNIST PARTY (PCI) AND PSI DECLARED THEY WERE WILLING TO TALK INITIALLY
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ABOUT A POLICY ACCORD, BUT ADDED THAT THE ISSUE OF "GUARANTEEING" ANY AGREEMENT WILL HAVE TO BE CONFRONTED EVENTUALLY. THE PSI WILL NOW TAKE STOCK AND WATCH FOR MOVEMENT IN THE GOVERNMENT-LABOR DEBATE OVER THE "IVA STERILIZATION" DECREE. A PSI DIRECTORATE MEETING MAY WELL PRODUCE A CALL FOR A "COLLEGIAL MEETING" BETWEEN THE DC AND THE ABSTAINING PARTIES. AS THE POLITICAL

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DEBATEDRAWS ON, TIME SEEMS TO BE DEFUSING WHAT BEGAN AS A CLEAR THREAT TO THE PRESENT GOVERNMENT. END SUMMARY.

2. THE ROUND OF BILATERAL CONSULTATIONS PROMOTED BY THE PSI OPENED AMID SENSIBLY LOWERED POLITICAL TENSIONS. AS REPORTED REFTEL, THE PARTIES AND THE GOVERNMENT MANAGED AT THE BEGINNING OF THE WEEK TO AVOID OPEN CONFLICT OVER THE TERMS OF THE IMF LETTER OF INTENT. THE COMMON FEAR OF A "CRISIS IN THE DARK" WAS THE FACTOR WHICH CONTRIBUTED MOST TO RELAXING TENSIONS. BEFORE BEGINNING THE BILATERAL CONSULTATIONS, THE SOCIALISTS UNDERLINED THEIR CONVICTION THAT ONLY A "GOVERNMENT OF EMERGENCY" (INCLUDING THE PCI) COULD ATTACK THE PRESSING ECONOMIC AND SOCIAL PROBLEMS WITH FULL EFFICIENCY, BUT HASTENED TO ADD THAT THEY WERE WILLING TO TALK ABOUT OTHER FORMS OF COOPERATION. THE PSI MET WITH THE DC ON MARCH 23, WITH THE PCI THE NEXT DAY AND IS TODAY ENGAGED WITH THE PRI, PSDI AND PLI.

3. THE DC DELEGATION WHICH MET WITH THE PSI SECRETARIAT AND PARLIAMENTARY GROUP LEADERS WAS HEADED BY PARTY PRESIDENT ALDO MORO (PARTY SECRETARY ZACCAGNINI ISSTILL ILL). TO ALL ACCOUNTS, MORO DOMINATED THE DISCUSSION AND MADE CLEAR THAT THE DC IS UNWILLING TO AGREE TO ANY CHANGE IN THE POLITICAL PICTURE WHICH WOULD GRANT THE PCI A LARGER FORMAL ROLE. HE BASED HIS POSITION ON THE DC'S COMMITMENT TO ITS ELECTORATE AND INTERNAL PARTY EXIGENCIES. IN A CONCILIATORY TONE,
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HOWEVER, MORO DECLARED THE DC OPEN TO A LIMITED AND REALISTIC DISCUSSION OF "PROGRAMMATIC CONVERGENCES." ACCORDING TO BOTH NEWSPAPER ACYUNTS AND OTHER INFORMED SOURCES AVAILABLE TO THE EMBASSY, THE SOCIALISTS FAILED TO DRAW MORO OUT ON THE EXTENT TO WHICH HIS "PROGRAMMATIC CONVERGENCES" MIGHT RESEMBLE THE "PROGRAMMATIC ACCORD" WHICH SEVERAL SOCIALISTS HAVE CITED AS THE MINIMUM PSI OBJECTIVE. AS THE PSI-DC MEETING CLOSED, IT WAS EVIDENT THAT BOTH PARTIES INTENDED TO CONTINUE THE SEARCH FOR AN ACCORD IN ORDER TO DISPELL THE THREAT OF AN OPEN-ENDED CRISIS.

4. THE RESULTS OF THE PCI-PCI MEETING WERE EQUALLY INCONCLUSIVE AND EQUALLY RELAXING. THE PARTIES DID NOT ANNOUNCE ANY COMMON POSITIONS, BUT REFERRED TO "A CONVERGENCE OF VIEWS," ESPECIALLY ON PRESSING THE DC (AND MORO HIMSELF) TO DEFINE THE LIMITS OF "PROGRAMMATIC CONVERGENCE." IN STATEMENTS AFTER THE MEETING, PCI

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SECRETARY BERLINGUER AGREED WITH PSI SECRETARY CRAXI
AND PSI LEADER MANCA THAT ONCE POLICY AGREEMENT IS
REACHED, THE PROBLEM OF "GUARANTEES" WILL HAVE TO
BE CONFRONTED. MANCA SUGGESTED TWO HYPOTHESES FOR
"GUARANTEEING" AN EVENTUAL AGREEMENT. ONE FORM OF
CONTROL MIGHT BE A "PERMANENT CONFERENCE OF PARLIA-
MENTARY GROUP LEADERS," AND THE OTHER POSSIBILITY WOULD
BE THE INSERTION OF "TECHNICIANS" REPRESENTING THE
PCI AND THE PSI IN THE GOVERNMENT. THE PCI HAS NOT
REVEALED THE PRICE IT WILL DEMAND FOR COOPERATION.

5. THE PSI-PRI MEETING WENT QUICKLY AND REFLECTED
THE CONVERGENCE OF THE POSITIONS OF THE TWO PARTIES
IN RECENT DAYS. PRI SECRETARY BIASINI DECLARED IT
"UNTHINKABLE", HOWEVER, THAT A PROGRAMMATIC ACCORD
WOULD NOT ALSO HAVE CONSEQUENCES FOR THE GOVERNMENT,
ESPECIALLY SINCE THE PRI HAS DECLARED "ITS LACK OF
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CONFIDENCE IN THE ACTION OF THE GOVERNMENT."

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CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00
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----------251933Z 107646 /46
P R 251645Z MAR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC PRIORITY 3597
INFO AMCONSUL FLORENCE
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C O N F I D E N T I A L SECTION 2 OF 2 ROME 4992

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6. AFTER THE CLOSE OF THE BILATERAL MEETINGS TODAY, THE SOCIALISTS WILL BEGIN TO TAKE STOCK OF THE RESULTS AND PREPARE THEFOLLOW-UP INITIATIVE WHICH ALL THE OTHER PARTIES CLEARLY EXPECT. A MEETING OF THE PARTY DIRECTORATE HAS BEEN SCHEDULED FOR MARCH 29. BY THEN THERE SHOULD BE CLEARER INDICATIONS WHETHER OR NOT GOVERNMENT AND LABOR WILL BE ABLE TO REACH AN ACCORD ON THE ISSUE OF "STERILIZATION" OF THE EFFECTS OF IVA INCREASES ON THE WAGE INDEXATION SCALE. THERE ARE SEVERAL INDICATIONS THAT GOVERN-MENT AND LABOR WILL EVENTUALLY AGREE TO ELIMINATE THE CONTROVERSIAL "STERILIZATION" PROVISION AND REPLACE IT WITH ANOTHER MEASURE OR MEASURES CALCULATED TO HAVE SIMILAR EFFECTS ON THE COST OF LABOR. A MEMBER OF THE PSI DIRECTORATE TOLD AN EMBOFF THAT THE MOST LIKELY RESULT OF THE PSI DIRECTORATE MEETING WILL BE A CALL FOR "COLLEGIAL" CONSULTATIONS BETWEEN CONFIDENTIAL

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THE DC AND THE ABSTAINING PARTIES ON SPECIFIED PROGRAMMATIC PROPOSALS.

7. COMMENT. IN ESSENCE, THE DC AND THE ABSTAINING PARTIES HAVE "AGREED TO DISAGREE" ON FUTURE POLITICAL FORMULAS AND THEREBY HAVE KEPT OPEN THE POSSIBILITY OF FINDING AN ACCORD ON POLICY. IN THE COMING DAYS, THE ABSTAINING PARTIES (LESS THE PLI) WILL PROBABLY TRY TO PUSH FOR A "PROGRAMMATIC ACCORD" WHICH WILL DIFFER FROM A "PROGRAMMATIC MAJORITY" ONLY IN NAME. THE DC, ON THE OTHER HAND, WILL TRY TO REACH AGREEMENT ON A LIMITED NUMBER OF SPECIFIC ISSUES AND TO PROTECT THE PRESENT FORMULA OF "BENEVOLENT ABSTENTION." THE ATMOSPHERE OF DETENTE AUGURS WELL FOR THE POSSIBILITY OF FINDING A COMPROMISE ON THE CRUCIAL "IVA STERILIZATION" ISSUE AND FOR THE APPROVAL OF THE ECONOMIC STABILIZA-TION DECREES PRIOR TO THE APRIL 7 DEADLINE. IN ADDITION, IT IS INCREASINGLY APPARENT THAT THESEARCH FOR POLICY AGREEMENT WILL BE RATHER DRAWN OUT. AS THE EASTER BREAK APPROACHES, IT BECOMES MORE AND MORE PROBABLE THAT NO CRUCIAL DECISIONS ON THE FUTURE OF THE ANDREOTTI GOVERNMENT WILL BE MADE UNTIL WELL ON IN APRIL.GARDNER

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Disposition Approved on Date:
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